

# 2011-2012 PERFORMANCE PLAN – Portfolio Manager, Asset Allocation & Risk Mgmt. (R. Venner)

Page 1 of 2

*All of the terms and provisions of the "CalPERS Compensation Policies and Procedures for Chief Executive Officer, Chief Actuary, General Counsel and Investment Management Positions" are incorporated in this Performance Plan by this reference as if set forth in full.*

## Quantitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule
20%	Total Fund Performance	Excess return deviation in basis points relative to: Total Fund Performance Benchmark {SJ1CA1 – CPERST02}	-13 basis points = 0 +13 basis points = 1.0 27 basis points = 1.5
20%	Active Asset Allocation Performance	Active asset allocation return above 0 as calculated by Wilshire {(Program Policy Allocation – Program Actual Allocation)*(Program Policy Return – Total Return/100} Subject to restriction of performance measurement limited to public asset classes only.	-13 basis points = 0 +7 basis points = 1.0 17 basis points = 1.5
40%	Subtotal	Quantitative Measures	

## Qualitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule
40%	Capital Allocation	<u><b>Capital Allocation</b></u> <ul style="list-style-type: none"> <li>By March 31, 2012, recommend to Senior Staff target annual capital commitments for fiscal year 2012/2013 for AIM, real estate, infrastructure, and forestland based on Staff capital markets outlook, empirical modeling, and valuations.</li> <li>By June 30, 2012, with colleagues in the AARM and in the Actuarial Departments, participate in a study that uses factors to explain liability growth and asset returns. Apply model to CalPERS state and school plans and discuss implications for asset allocation with Senior Staff.</li> </ul>	From schedule
10%	Research New Strategies	By December 30, 2011, with colleagues in AARM and Global Equity, provide analysis and recommendations to Senior Staff concerning the adoption of low-volatility equity strategies. If approved facilitate 2012 implementation.	From schedule

### Incentive Schedule:

Total Fund: FY 2012-13: Target, 0/20/30 target

Active Asset Allocation Performance: FY 2012-13: Target, 0/10/15

# 2011-2012 PERFORMANCE PLAN – Portfolio Manager, Asset Allocation & Risk Mgmt. (R. Venner)

Page 2 of 2

## Qualitative Performance Measures (cont.)

Weight	Factor	Performance Measure	Incentive Schedule
10%	Leadership	<p><b><u>Enterprise-wide Leadership and Management</u></b>  By June 30, 2012, achieve improvements in enterprise management by:</p> <ul style="list-style-type: none"> <li>• Maintaining an average position vacancy rate of 5% or less through the fiscal year 2011-12.</li> <li>• Ensure all Form 700 Statements of Economic Interest are filed by scheduled employees by the mandated due date of April 1, 2012.</li> <li>• Ensure all scheduled employees complete the legally mandated AB 1234 ethics training by June 30, 2012.</li> <li>• Maintain a 90% EPAD completion rate.</li> <li>• Address and resolve all outstanding audit findings within 12 months of audit report.</li> <li>• Dedicate 2 hours per month for Employee Recognition during the year through fiscal year 2011-12.</li> <li>• Ensure 100 percent compliance using the new diversity and inclusion performance factor in annual manager and supervisor performance reviews.</li> <li>• Complete the Executive D&amp;I Development Journey course, including completion of all pre- and post-session work assignments.</li> <li>• Conduct at least two direct report team sessions on diversity and inclusion awareness.</li> <li>• Effectively manage all Operational resources within prescribed budget limits.</li> <li>• Conduct direct report sessions on renewal of our core values and guiding behaviors to ensure that we are adhering to these convictions at least once a quarter</li> </ul> <p><b><u>Investment Office Leadership and Management</u></b>  By June 30, 2012, contribute to the value creation, capacity building, and organization support for the Investment Office by:</p> <ul style="list-style-type: none"> <li>• Strengthening and reinforcing a value driven culture that fosters accountability, transparency, and integrity.</li> <li>• Participating in training, communication, and recognition activities and events.</li> </ul> <p><b><u>Team Participation – Cross Asset Class Collaboration</u></b>  By June 30, 2012, participate in and support cross asset class initiatives, such as the Investment Office Roadmap, Investment Strategy Group, Investment Proposal Tracking System, Operating Committee, and technology steering committees to improve investment performance, cost effectiveness, and manage risk.</p>	From schedule
60%	Subtotal	Qualitative Measures	
100%	Total	Quantitative and Qualitative Measures	

### Incentive Schedule:

Total Fund: FY 2012-13: Target, 0/20/30 target

Active Asset Allocation Performance: FY 2012-13: Target, 0/10/15